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American Recovery and Reinvestment Act of 2009

Testimony of Richard A. Soderman
The Connecticut Light and Power Company
and Yankee Gas Services Company

Appropriations Committee
Energy & Technology Committee
Human Services Committee
Public Hearing
May 4, 2009

Good afternoon, my name is Richard Soderman, Director of Legislative Strategy and Policy for Northeast Utilities, parent company of The Connecticut Light and Power Company and Yankee Gas Service Company. I am here today to provide comments on the American Recovery and Reinvestment Act of 2009 ("ARRA"). This federal economic stimulus legislation provides \$787 billion to be distributed or allocated to various programs and initiatives to help our economy. Of particular note to our companies are the funds related to energy activities, which include \$43 billion targeted to direct spending and \$8 billion for tax incentives. We believe that these stimulus funds can assist in helping Connecticut reach its desired goals of:

- Increasing jobs,
- Reducing energy dependence on foreign oil,
- Promoting energy efficiency and renewable energy technologies,
- Reducing greenhouse gas emissions.

Today's hearing addresses two provisions of ARRA: (1) the Energy Efficiency and Conservation Block Grant Allocation Plan; and (2) the State Energy Program. Before I comment on these provisions, let me provide some background on our companies.

CL&P has been part of everyday life in Connecticut for more than 100 years, providing safe and reliable electric service to homes, neighborhoods and businesses. With 1.2 million customers in 149 cities and towns, CL&P is an active member in the communities it serves, including the largest taxpayer in many, offering programs in energy efficiency, economic development and



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environmental stewardship. Yankee Gas is Connecticut's largest natural gas distribution company, delivering safe, reliable natural gas service to 205,000 customers in 71 cities and towns. Yankee Gas is expanding Connecticut's energy options and increasing customer choice by extending the availability of clean, efficient natural gas throughout the state. Taken together, our companies have over 4,000 employees located in Connecticut.

Connecticut's energy efficiency programs, developed by utilities with oversight by the Energy Conservation Management Board (which is composed of business and low income constituencies as well as governmental representatives from the Consumer Counsel and Attorney General), and regulated and approved by the DPUC, are nationally recognized for their effectiveness. Numerous studies and evaluations have shown that Connecticut's programs are among the best in the nation at saving customers money. Among the more notable facts about our energy efficiency programs are that:

- CL&P's energy efficiency budget for 2009 is \$67.6 million and Yankee Gas' conservation budget is \$3.9M for 2009. These amounts will provide for a diverse set of electric and gas efficiency programs to all classes of customers;
- Our electric programs provide \$4 in system benefits for every \$1 spent, and they are nationally recognized;
- Efficiency measures installed in 2008 alone will provide customers with \$360 million lifetime power supply savings and eliminate 1.8 million tons of carbon dioxide, a major greenhouse gas;
- Tens of thousands of customers have participated annually in our nationally recognized, award-winning programs since 2000;
- Lighting programs provided 2.4 million efficient bulbs, on average more than two per home, thereby saving each home \$16 per year.

We have a full time staff with significant experience in energy efficiency and a well-developed network of support engineers, vendors, installers and consultants that permit us to effectively deliver efficiency programs.



Energy Efficiency and Conservation Block Grant Allocation Plan

The Energy Efficiency and Conservation Block Grant Program (EECBG) provides \$3.2 billion in grants for cities and towns to improve municipal building energy efficiency. The program is managed by DOE's Office of Energy Efficiency and Renewable Energy (EERE), which was established by the Energy Independence and Security Act of 2007 (EISA). The total stimulus allocation is \$2.8 billion, with 70% to city and county programs (Cities with population of 35,000 or more, counties with population of 200,000 or more and/or top 10 cities/counties of any state). The remaining amount (30%) is allocated to state programs (at least 60% of these funds is for cities that did not receive funds directly and the remaining amount to be distributed at the discretion of the state's energy program).

While these funds are being directly assigned to cities and towns, CL&P and Yankee Gas are prepared to assist our municipal customers to better understand the availability of these funds and how they can be used in combination with our existing programs funded through the Connecticut Energy Efficiency Fund (CEEF). Our account executives are in constant contact with all municipal governments in our service territory to keep them informed about programs and opportunities that are available to them. We will continue to educate our municipal customers once additional energy efficiency funding is made available to cities and towns. We will also support efforts as needed by OPM in any program assistance that may arise during implementation.

An additional stimulus allocation (\$400 million) has been set up for a competitively bid program covering:

- Energy audits;
- Energy efficiency and conservation;
- Financial incentives for energy efficiency programs;
- Retrofits and building codes implementation;
- Programs to conserve energy used in transportation;



- Energy distribution technologies;
- LEDs installation;
- Capture of methane or GHG generated by landfills;
- Onsite renewables.

Once program details for these competitive programs are developed, we will work with appropriate in-state partners to determine if and how we can help these programs be implemented for Connecticut.

State Energy Program

The State Energy Program is also managed by DOE's EERE. This program is to be administered through the energy office within each state, which means the Office of Policy and Management ("OPM") for Connecticut. Connecticut's allocation from this program is expected to be \$38.5 million. As a condition for receiving these funds, the state was required to submit a letter to DOE providing certification around decoupling, building code implementation and a desire to expand existing efficiency programs, which it did on March 23, 2009. OPM must file its final plan with DOE by May 12th. The overarching goal of this program is to reduce energy per capita consumption by at least 25% of the state's 1990 per capita usage by 2012.

ARRA's priorities for use of funds include: energy efficient building codes and standards; loans, grants and incentives for energy efficiency and renewable energy measures; building and industrial retrofits; and traffic signal synchronization and replacement with light emitting diodes ("LEDs").

This hearing, required under emergency certification (HB 6715), provides an opportunity for the legislature and interested parties comment on OPM's plan prior to its submission to DOE. At the outset, we applaud OPM's initiative and hard work to prepare this plan in a relatively short time and its approach to use the energy efficiency and renewable infrastructure that exists today. We



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believe that OPM's plan is complete, well-documented, and recognizes the best ways to enhance the efficiency and renewable programs within Connecticut.

Under OPM's plan, the CCEF will receive \$20 million for renewable programs, allocated as follows:

- \$5 million for a geothermal program for residential and non-residential customers (we plan to work with CCEF to coordinate efforts with our existing geothermal program);
- \$4 million for a solar thermal program which will provide a simple rebate program open to all customers who use gas, electricity, or oil to heat domestic hot water;
- \$8 million for a fuel cell program to extend the existing on-site distributed generation program;
- \$3 million for the solar PV to extend the existing programs (solar rebate program or on-site DG program).

In addition, programs for energy efficiency will be funded within OPM's plan (\$17.5 million) as follows:

- \$5 million for a DPW state buildings program (the state DPW will identify and implement projects and will address all fuels);
- \$12.5 million for CEEF energy efficiency programs at CL&P, UI and CMEEC:
 - CL&P \$9.2 million
 - UI \$2.3 million
 - CMEEC \$1million

CL&P and UI will be allocated as follows:

- 50% of the funds to the Home Energy Solutions program (instrument guided weatherization program & CFL direct install for residential customers);



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- 25% of the funding will go to the Small Business program;
- 25% of the funding will go to Energy Opportunities (Large C&I retrofit);
- The utilities will provide reporting to the OPM at the close of each quarter on program activity created by the stimulus funding.

Thank you for the opportunity to provide testimony on this matter.